

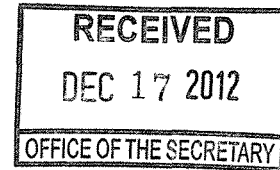
UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

HARD COPY

SECURITIES EXCHANGE ACT OF 1934
Release No. 67935 / September 27, 2012

INVESTMENT COMPANY ACT OF 1940
Release No. 30223 / September 27, 2012

ADMINISTRATIVE PROCEEDING
File No. 3-15049



In the Matter of)
)
NEIL M.M. MORRISON)
)
Respondent.)
)

**RESPONDENT'S ANSWER TO ORDER INSTITUTING
ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS**

The Respondent first sets forth the text of the several sections of the Order then sets forth his response to the allegations in those sections immediately thereafter. The response and everything in the nature of a response is set forth in bold black letters.

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15(b), 15B(c)(4) and 21C of the Securities Exchange Act of 1934 ("Exchange Act"), and Section 9(b) of the Investment Company Act of 1940 ("Investment Company Act") against Neil M.M. Morrison ("Morrison" or "Respondent").

RESPONSE: Section I requires no answer.

II.

After an investigation, the Division of Enforcement alleges that:

A. SUMMARY

1. These proceedings involve a “pay-to-play” scheme conducted by Neil M.M. Morrison (“Morrison”), a former vice president in the investment banking division of Goldman, Sachs & Co. (“Goldman Sachs”), a broker-dealer and registered municipal securities dealer. The scheme, which lasted from November 2008 to October 2010, resulted in violations of the Municipal Securities Rulemaking Board’s (“MSRB”) rules by both Morrison and Goldman Sachs. Starting in July 2008, Morrison was employed by Goldman Sachs to solicit municipal underwriting business from, among others, the Massachusetts Treasurer’s Office. During the period November 2008 to October 2010, however, Morrison was also substantially engaged in the political campaigns, including the November 2010 Massachusetts gubernatorial campaign, for Timothy P. Cahill (“Cahill”), the then-Treasurer of Massachusetts.¹ Morrison participated extensively in Cahill’s gubernatorial campaign and did so at times from his Goldman Sachs office, during his Goldman Sachs work hours and using Goldman Sachs resources, such as phones, e-mail and office space. Morrison’s campaign work gave him complete access to Cahill and his staff, who often provided him with information about the office’s internal deliberations involving underwriter selection.

¹ In addition to Cahill’s gubernatorial campaign, between November 2008 and September 2009, Morrison worked on Cahill’s re-election campaign for Treasurer of Massachusetts.

RESPONSE: The Respondent denies conducting a “pay-to-play” scheme but otherwise admits the allegations in the first sentence of paragraph II.A.1. The Respondent admits providing intermittent, voluntary political services to Treasurer Timothy Cahill, his former boss, during the period between November 2008 and October 2010, but otherwise denies the allegations in the second sentence of that paragraph. Respondent denies that his intermittent voluntary services included work on a re-election campaign or on more than one campaign as alleged in the third sentence and the footnote accompanying it. Respondent admits the allegations in the fourth sentence and denies those in the fifth sentence. By way of further answer to the fifth sentence, Respondent states that the access he had to Treasurer Cahill and his staff was a function of Respondent’s service within the Treasurer’s office prior to his employment by Goldman Sachs and his role in hiring and supervising many Cahill staffers while working within the Treasurer’s office.

2. Morrison's campaign activities during his Goldman Sachs work hours and use of Goldman Sachs resources constituted valuable undisclosed "in-kind" campaign contributions to Cahill attributable to Goldman Sachs. In addition, during the same period, Morrison made a secret, undisclosed cash campaign contribution to Cahill in willful violation of MSRB Rule C-37(d). Moreover, Morrison solicited campaign contributions for Cahill when Goldman Sachs was engaged in or seeking to engage in municipal underwriting business with the Treasurer's Office in willful violation of MSRB Rule G-37(c).

RESPONSE: Denied. By way of further answer to the first sentence in paragraph II.A.2., "contributions" to Massachusetts candidates for elective office are defined by Mass. Gen. Laws, c. 55, §1 and do not include voluntary services of the type rendered by Respondent.

3. Within two years of these cash and attributed "in-kind" campaign contributions, Goldman Sachs engaged in municipal securities business with issuers associated with Cahill as Treasurer of Massachusetts and as a candidate for Governor of Massachusetts. Goldman Sachs' engagement in municipal securities business with these issuers violated Section 15B(c)(1) of the Exchange Act and MSRB Rule G-37(b).² Morrison caused Goldman Sachs to violate Rule C-37(b). The contributions were not disclosed on MSRB Forms G-37, and no records of the contributions were made and kept in violation of MSRB Rules G-37(e), G-8 and G-9. Morrison caused Goldman Sachs to violate MSRB Rules G-37(e), G-8 and G-9. In addition, Morrison did not disclose the attributed contributions, or campaign work or the conflicts of interest raised by this conduct in the bond offering documents. By failing to disclose the campaign work, cash and in-kind contributions and the resulting conflict of interest to the purchasers of municipal securities, Morrison willfully violated MSRB Rule G-17, which requires broker-dealers to deal fairly and not engage in any deceptive, dishonest, or unfair practice.

² Rule G-37(b) is a broad prophylactic measure. It provides that no broker, dealer or municipal securities dealer shall engage in municipal securities business with an issuer within two years after any contribution to an official of such issuer made by: (A) the broker, dealer or municipal securities dealer; (B) any municipal finance professional associated with such broker, dealer or municipal securities dealer; or (C) any political action committee controlled by the broker, dealer or municipal securities dealer or by any municipal finance professional. A violation of Rule G-37(b) does not require a showing of "quid pro quo" (i.e. that municipal securities business was actually given in exchange for the contribution.).

RESPONSE: Denied, as Respondent provided neither cash nor "in-kind" contributions to Treasurer Cahill and his voluntary political services were fully consonant with applicable conflict of interest rules. None of the Rules cited in paragraph II.A.3 are

applicable and no answer is required to the recitation of rules or description thereof in text or footnote.

B. RESPONDENT

4. Morrison, age 38, resides in Taunton, Massachusetts. Between July 14, 2008 and December 19, 2010, Morrison was a vice president in Goldman Sachs' investment banking division in one of the firm's Boston, Massachusetts offices. On December 19, 2010, as a result of his conduct, Goldman Sachs terminated Morrison. Between January 2003 and June 2007, Morrison was employed by the Massachusetts Treasurer's Office, which included positions as the first deputy treasurer, chief of staff and assistant treasurer, reporting directly to Cahill.

RESPONSE: Admitted.

C. OTHER RELEVANT ENTITY

5. Goldman Sachs, a New York limited partnership with its principal offices in New York, New York, is a registered broker-dealer pursuant to Section 15(b) of the Exchange Act and a municipal securities dealer as defined in Sections 3(a)(30) and 3(a)(31) of the Exchange Act. Goldman Sachs, a limited partnership, is a subsidiary of The Goldman Sachs Group, Inc., a Delaware corporation with common stock that is registered with the Commission pursuant to Section 12(b) of the Exchange Act and is listed on the New York Stock Exchange. In 2010, Goldman Sachs was the fifth largest underwriter of negotiated municipal securities offerings in the country.

RESPONSE: Admitted.

D. ALLEGATIONS

Background

6. Between July 2008 and October 2010, Morrison engaged in activities that constituted solicitation of municipal securities business from certain issuers on behalf of Goldman Sachs. In addition, Morrison was listed on Goldman Sachs' list of municipal finance professionals ("MFP") during his employment with the firm. As a result, Morrison was an MFP associated with Goldman Sachs within the meaning of MSRB Rule G-37.³

³ Rule G-37(g)(iv)(B) provides that "the term 'municipal finance professional' [includes] ... any associated person [of a broker, dealer or municipal securities dealer] who solicits municipal securities business." Morrison solicited municipal securities business by attending meetings with issuer staff, which were intended to obtain municipal securities business with the issuer and by communicating with issuer staff about Goldman Sachs' underwriting capabilities. In addition, Morrison engaged in municipal securities solicitation activities by, among other things, signing cover letters attached to responses to requests for qualifications ("RFQ") for underwriting business and by having his name appear in the responses to the RFQs as a member of Goldman Sachs' underwriting team. Either one of these solicitation activities by itself was sufficient to make him an MFP. See John F. Kendrick,

RESPONSE: Admitted as to the first two sentences in paragraph II.D.6. The third sentence and the footnote accompanying that paragraph contain only conclusions of law which require no answer, but if answer is required, the allegations in the third sentence and footnote are denied.

7. As the Treasurer of Massachusetts and candidate for Governor of Massachusetts, Cahill was an "official" of various municipal securities issuers in Massachusetts within the meaning of Rule G-37.⁴ Specifically, as Treasurer of Massachusetts, Cahill was an incumbent who was responsible for, or had the authority to appoint persons who were responsible for, the hiring of brokers, dealers, or municipal securities dealers for municipal securities business by the Commonwealth of Massachusetts and certain related state issuers, including the Massachusetts Water Pollution Abatement Trust and Massachusetts School Building Authority. As candidate for Governor of Massachusetts, Cahill was a candidate for elective office which has authority to appoint persons who are directly or indirectly responsible for, or can influence the outcome of, the hiring of a municipal securities dealer for municipal securities business of certain issuers, including the Massachusetts Housing Finance Authority, Massachusetts Bay Transportation Authority, Massachusetts Health and Education Facilities Authority, and Massachusetts Water Resources Authority. The issuers listed in this paragraph are hereafter referred to collectively as "Issuers."

⁴ Rule G-37(g)(vi) defines an "official of such issuer" as any person who was, at the time of the contribution, an incumbent, candidate or successful candidate: (A) for elective office of the issuer which office is directly or indirectly responsible for, or can influence the outcome of, the hiring of a broker, dealer or municipal securities dealer for municipal securities business by the issuer; or (B) for any elective office of a state or of any political subdivision, which office has authority to appoint any person who is directly or indirectly responsible for, or can influence the outcome of, the hiring of a broker, dealer or municipal securities dealer for municipal securities business by an issuer.

RESPONSE: Paragraph II.D.7 and the footnote contain only conclusions of law which require no answer, but if answer is required, the allegations in the paragraph and footnote are denied. By way of further answer, Respondent asserts that all selections by the "Issuers" were merit based.

Morrison Worked Extensively on Cahill's
Campaigns Using Goldman Sachs Resources

8. Starting at least as early as November 2008, Morrison began actively assisting with Cahill's re-election campaign for Treasurer of Massachusetts by soliciting contributions for fundraisers and arranging for others to solicit contributions for Cahill. Thereafter, between July 2009 and September 2009, Morrison's campaign work focused on assisting the campaign to prepare for Cahill's eventual bid for Governor of Massachusetts. This assistance included interviewing campaign consultants, preparing and reviewing campaign documents, participating on campaign conference calls, and attending campaign meetings during Goldman Sachs work hours.

RESPONSE: Respondent denies the allegations in the first sentence of paragraph II.D.8 and by way of further answer incorporates his answer to paragraph II.A.1.

Respondent admits the allegations in the second and third sentences, but for the implication the assistance he provided occurred solely or even predominantly on Goldman Sachs time, which is denied.

9. On September 9, 2009, Cahill officially announced his candidacy for Governor of Massachusetts. Thereafter, Morrison's campaign work increased dramatically, including the number of campaign telephone calls made during work hours and the number of e-mails that he sent using his Goldman Sachs' e-mail account. Starting in September 2009, Morrison became one of Cahill's most trusted campaign advisers. As described below, he was involved in, and used Goldman Sachs resources for, numerous significant aspects of the campaign, including interviewing at least one possible running mate in his Goldman Sachs office, negotiating campaign contracts and accepting contract terms on behalf of the campaign during Goldman Sachs' work hours and/or using Goldman Sachs' telephones and e-mail.

RESPONSE: Admitted as to the first two sentences. Respondent lacks sufficient knowledge to admit or deny the allegations in the third sentence and calls upon the Division of Enforcement to prove them if relevant. By way of further answer to that sentence, Respondent states that he was asked by Cahill to leave his position and run the gubernatorial campaign in 2009 and the relationship between the two was adversely affected by the Respondent's refusal as well as subsequent disagreements over campaign

related matters. Respondent admits the allegations in the fourth sentence, but for (1) the allegation he interviewed a possible running mate in his Goldman Sachs office and (2) the implications (a) that he had regular, 9-5 work hours for Goldman Sachs and/or (b) that his work on the Cahill campaign was conducted solely or even predominantly on Goldman Sachs time, all of which are denied.

10. Morrison's work for Cahill's campaign during his Goldman Sachs' work hours was remarkable in its breadth. Between September 2009 and October 4, 2010, Morrison engaged in (a) fundraising; (b) drafting speeches and fundraising solicitations; (c) reviewing, approving and writing campaign memos, contracts, letters, talking points, campaign position papers, and responses to campaign issues; (d) attending and preparing for press conferences; (e) approving campaign invoices and expenditures; (f) approving personnel decisions, such as salaries and hiring; (g) negotiating with campaign personnel; (h) arranging advertisements and commercials; (i) communicating with reporters on behalf of the campaign; (j) reviewing the campaign's budget; (k) recruiting supporters; (l) reviewing campaign leases for office space; (m) selecting county representatives; (n) interviewing consultants; (o) drafting campaign plans and quotations; (p) providing legal advice; and (q) assisting with debates. In engaging in these actions, Morrison at times used his Goldman Sachs e-mail account, phone and other resources and did so during ordinary work hours. During the thirteen-month period, September 9, 2009 to October 4, 2010, Morrison sent at least 364 campaign-related e-mails using his Goldman Sachs e-mail account.

RESPONSE: The first sentence of paragraph II.D.10 is denied, as the nature of political campaigns requires a broad range of services and it is not "remarkable". Clauses (a) and (b) of the second sentence of the paragraph are denied if meant to allege direct fundraising or drafting fundraising solicitations. Clauses (c)-(q) of that second sentence are admitted. The Respondent lacks sufficient knowledge to admit or deny the last sentence in the paragraph and calls upon the Division of Enforcement to prove the allegations therein if relevant.

Morrison Actively Solicited Underwriting Business and
Attempted to Exert Influence on the Underwriter Selection Process

11. At the same time Morrison was working on Cahill's campaign, he was actively soliciting municipal securities business from the Cahill Treasurer's Office. At times, Morrison referenced his campaign work in those solicitations in an apparent attempt to curry favor with the

Treasurer's Office in the underwriting selection process.

RESPONSE: Respondent admits that between September 2009 and October 2010 he worked for Goldman Sachs and volunteered on the Cahill campaign, and otherwise denies the allegations in the first sentence of paragraph II.D.11. Respondent denies attempting to curry favor through his intermittent, voluntary campaign efforts.

12. For example, on September 29, 2009, Morrison sent an e-mail using his Goldman Sachs e-mail account to a Deputy Treasurer discussing the selection of underwriters. In this e-mail Morrison stated:

The boss [Cahill] mentioned to me this morning that he spoke to [the Assistant Treasurer] and that it is looking good for us [Goldman Sachs] on the build America bond deal. He then said that you would probably split it up with 2 joint bookrunners. I am ok with that if that's what you want. I actually think it will be good because it enables the boss [Cahill] to handsomely reward someone else.

RESPONSE: Admitted, but for the characterization of the email as an "example".

13. In the same e-mail exchange, apparently referencing the upcoming election, Morrison went on to say:

From my standpoint as an advisor/consultant/friend I am saying, PLEASE don't give these [underwriter] slots away willy-nilly. You are in the fight of your lives and need to reward loyalty and encourage friendship. If people aren't willing to be creative with their support then they shouldn't expect business. This has to be a political decision.

RESPONSE: Admitted, but for the characterization of an "apparent reference".

14. In another e-mail dated September 28, 2009, to the Deputy Treasurer, Morrison again linked his campaign work and his solicitation for underwriting business:

I have a couple of items that I want to put out there in the interest of leaving nothing unsaid.

1. We have discussed the Build American Bond transaction and how important it is to me. You have been great keeping me up to speed. This is my number 1 priority and most important ask. Having Goldman as the lead and getting 50% of the economics would be such a home run for me.

2. There is a Taunton/Southeastern Mass function for the boss [Cahill] coming up.

It looks like it will be on Oct. 26.

3. In the event that [a local municipal securities dealer] were going to have a role in the Build American Bond deal, it might be beneficial to tell me that before the local banker there. She might be more interested in being more supportive. HAVING SAID THAT, I am only pushing for number 1 above. This would help number 2, (and certainly help that banker) but I am not so aggressive as to push for more than myself at this point.

RESPONSE: Admitted, but for the characterization “again linking”.

15. Morrison knew about the restrictions in Rule G-37 and that his conduct was inappropriate. Specifically, Morrison was trained about the restrictions in Rule G-37 by Goldman Sachs and received numerous notices about compliance with the MSRB’s rules. For example, on December 18, 2008 and October 20, 2009, Goldman Sachs’ compliance office sent e-mails to Morrison containing the firm’s policies and procedures relating to campaign contributions, which included, among other things, a prohibition on using firm resources, such as e-mail and office space, for political activities. In addition, the policies and procedures provided that a violation of this policy can result in the firm being disqualified from municipal securities business for two years. Moreover, the policies and procedures explained that MSRB Rule G-37 prohibits MFPs from using conduits to contribute indirectly to issuers and that a violation of this policy can lead to a two-year prohibition on municipal securities business. On September 21, 2010, Morrison certified to Goldman Sachs that he reviewed the firm’s policies and procedures relating to Political Contributions and Activities and that he had disclosed to the firm all political contributions and political activities since January 1, 2009. Morrison also admitted in two emails on May 29, 2009 and April 2, 2010 that he had familiarity with Rule G-37.

RESPONSE: Respondent admits so much of paragraph II.D.15 as alleges that he knew of Rule G-37 and that it contained restrictions on some political activity and denies both knowledge that his conduct was inappropriate under that Rule and that it was inappropriate under the rule. By way of further answer, Respondent avers that he did not make contributions, directly or indirectly, to the Cahill campaign and understood providing free political advice and writing drafts to be legal, constitutionally protected activity.

16. In addition, during an interview with Morrison, he admitted to Goldman Sachs’ compliance officials that he sent campaign-related e-mails and helped the Cahill campaign using firm resources and during work hours. In addition, Morrison admitted to Goldman Sachs’ compliance officials that he spent approximately 10 hours per week working on campaign issues.

Moreover, Morrison admitted to the compliance officials that he was uncomfortable helping Cahill because of the negative impact on Goldman Sachs.

RESPONSE: Respondent admits the first and second sentences of paragraph

II.D.16. By way of further answer to the second sentence, Respondent states that in subsequent interviews with Goldman Sachs compliance officials he corrected the estimate he initially provided, indicating there were many weeks he performed no Cahill campaign related services. Respondent denies the third sentence of the paragraph and by way of further answer states that the discomfort he expressed was occasioned by saying “no” to Cahill, not by helping Cahill.

Morrison’s Conduct Disqualified Goldman Sachs from Underwritings

17. From November 25, 2008 to October 4, 2010, each instance of Morrison’s extensive campaign work during work hours or using firm resources constituted valuable “in-kind” campaign contributions to Cahill attributable to Goldman Sachs.

RESPONSE: Paragraph II.D.17 contains only conclusions of law as to which no answer is required. To the extent an answer is required, the allegations in said paragraph are denied.

18. In addition to his direct campaign work on behalf of Cahill, on October 26, 2009, Morrison made an indirect \$400 cash contribution to Cahill by providing a friend with \$400 in cash and asking the friend to write a check in the friend’s name to the Cahill campaign for \$500. Morrison’s indirect contribution of \$400 was above the \$250 *de minimus* exception provided in Rule G-37. Morrison’s indirect contribution was prohibited by Rule G-37(d), which prohibits a municipal securities dealer or any MFP from doing any act indirectly which would result in a violation of the rule if done directly by the dealer or MFP.⁵

⁵ A *de minimus* exception to Rule G-37(b) allows an MFP to contribute up to \$250 per candidate per election if the MFP is entitled to vote for the candidate. Cahill’s gubernatorial election was held on November 2, 2010.

RESPONSE: The first sentence in paragraph II.D.18 is denied. The second and third sentences in said paragraph and the footnote accompanying it contain only

conclusions of law which require no answer. To the extent an answer is required, the allegations in the second and third sentences and footnote are denied.

19. Under Rule G-37, Morrison's indirect contribution and each "in-kind" contribution attributable to Goldman Sachs, starting on November 25, 2008 and ending on October 4, 2010, triggered a two-year ban on municipal securities business with the Issuers.

RESPONSE: Paragraph II.D.19 contains only conclusions of law as to which no answer is required. To the extent an answer is required, the allegations in said paragraph are denied.

20. Despite the prohibitions contained in Rule G-37, within two years after the above contributions, Goldman Sachs, with Morrison's knowledge, participated as senior manager, co-senior manager, or co-manager for a total of thirty negotiated underwritings by the Issuers totaling approximately \$9 billion. For its roles in the thirty underwritings, Goldman Sachs received fees in the amount of \$7,558,942.

RESPONSE: Respondent lacks sufficient knowledge to admit or deny the allegations contained in paragraph II.D.20.

21. The "in-kind" contributions attributable to Goldman Sachs and the indirect cash contribution by Morrison were not disclosed as required in Goldman Sachs' quarterly reports to the MSRB on Form G-37. In addition, Goldman Sachs did not make and keep books and records of the contributions.

RESPONSE: Respondent lacks sufficient knowledge to admit or deny the allegations contained in paragraph II.D.21.

22. The indirect contribution by Morrison and the undisclosed "in-kind" contributions attributable to Goldman Sachs also created a conflict of interest which was not disclosed in the relevant municipal securities offerings, in violation of MSRB Rule G-17. In a July 29, 2009 e-mail to a campaign official, Morrison acknowledged the existence of this conflict, stating:

I am staying in banking and don't want a story that says that I am helping Cahill, who is giving me banking business. If that came out, I'm sure I wouldn't get any more business.

RESPONSE: The first sentence of paragraph II.D.22 contains a conclusion of law that requires no answer. To the extent the conclusion a conflict of interest was created requires an answer, it and the other allegations in that sentence are denied. Respondent further denies that the email referenced in the second sentence acknowledges the existence of a conflict. By way of further answer, the Respondent states the email reaffirmed his decision not to run the Cahill campaign and reflects a belief that a story, whether good, bad or indifferent, could affect his business prospects.

Morrison Solicited Campaign Contributions for Cahill

23. Between November 25, 2008 and October 5, 2010, Morrison also solicited campaign contributions for Cahill by engaging in fundraising activities, including asking or telling others to make contributions, asking others to coordinate the collection of contributions, sending e-mails with fundraising information, and providing fundraiser tickets to potential contributors for self-use or to re-distribute to others.

RESPONSE: Respondent admits so much of paragraph II.D.23 as alleges asking or telling others to consider making contributions or coordinate the collection of contributions, sending e-mails with fundraising information, and providing fundraiser tickets to potential contributors for self-use or to re-distribute to others. Respondent denies the other allegations in this paragraph.

24. Specifically, on November 25, 2008, Morrison solicited contributions by asking a friend to contribute to a Cahill fundraising event using Goldman Sachs' e-mail system. In this e-mail, Morrison told his friend to make a contribution for a December I, 2008, fundraiser. In addition, Morrison engaged in coordinating contributions by instructing at least three others to find contributors or to sell tickets for fundraisers. For example, in November 2008 and September 2009, Morrison asked a friend to help find contributors for two Cahill fundraisers. In another example, on October 8, 2009, Morrison sent an e-mail using Goldman Sachs' e-mail system to a state treasury employee regarding an October 2009 fundraiser for Cahill. In this e-mail, Morrison stated:

Very regretfully, I have to reach out to you again regarding the Treasurer's event.... If you could do anything by way of tickets it would be very helpful and would probably be a good idea for you. The tickets have a face value of... \$100 but you can sell them for \$50 each. I really dislike relaying this type of information and I know its not easy for anyone.

RESPONSE: Respondent denies soliciting a contribution as alleged in the first two sentences of paragraph II.D.24. By way of further answer Respondent states the referenced email was a response to an inquiry from a close friend about whether and how much to give and Respondent suggested an amount less than the friend was considering.

Respondent denies coordinating contributions as alleged in the third and fourth sentences of paragraph II.D.24. By way of further answer Respondent states he was asked to coordinate events for Cahill in Taunton, declined to do so and then acquiesced to Cahill's request he put the campaign in touch with people who might do so. The communications referenced in those two sentences of paragraph II.D.24 reflect Respondent's follow up.

Respondent admits sending the email referenced in the fifth and sixth sentences of paragraph II.D.24, but denies it reflects an example of him soliciting contributions. Instead it reflects advice to a relative through marriage who worked at the Lottery reflecting a reduced price for an event.

25. In addition, Morrison solicited contributions by sending fundraising literature and information, in the form of e-mails, to others. The e-mail solicitations, some of which were sent using Goldman Sachs' e-mail system, referenced, among other things, the fundraiser date, time, location and suggested contribution amounts. Moreover, Morrison solicited or coordinated contributions by providing fundraising tickets to others for self-use or to re-distribute to others. For example, around October 2009, Morrison told a friend that Cahill would be having a local fundraiser and that a campaign representative would contact him. Shortly thereafter, Morrison provided the friend with an envelope containing 10 tickets to an October 2009, fundraiser. The friend used one of the tickets himself and provided another to a friend (both contributed \$100).

RESPONSE: Respondent admits the conduct set forth in paragraph II.D.25 and denies that the conduct involved the direct solicitation or coordination of contributions.

26. During each of Morrison's solicitations, Goldman Sachs was engaged in municipal securities business with the Massachusetts Treasurer's Office and could have been selected to underwrite specific offerings by the Massachusetts Treasurer's office based upon two responses to Requests for Qualifications submitted by Goldman Sachs, which were valid or active for two year periods. Therefore, Goldman Sachs was engaged in or seeking to engage in municipal securities business with the Massachusetts treasurer's office during Morrison's solicitation activities.

RESPONSE: Respondent incorporates his answer to paragraph II.D.12 in response to the first sentence of paragraph II.D.26. The second sentence of the paragraph contains only conclusions of law which require no answer.

27. Morrison admitted in e-mails that he was devoting a significant amount of time to fundraising for the Cahill campaign. For example, in an October 15, 2009, e-mail to a friend, Morrison stated "I am pushing hard on fundraising and recruiting supporters." In addition, in an October 19, 2009, e-mail to a family member, Morrison stated:

I am starting to feel better but I will be happy when this fundraiser is over, as it is adding stress and combined with work and home, is wearing me out.

RESPONSE: Respondent admits sending each of the emails referenced in paragraph II.D.27 and otherwise denies the allegations in that paragraph.

28. By soliciting or coordinating campaign contributions for Cahill when Goldman Sachs was seeking to engage in municipal securities business with the Treasurer's Office, Morrison violated Rule G-37(c).

RESPONSE: Paragraph II.D.28 contains only conclusions of law as to which no answer is required. To the extent an answer is required, the allegations in said paragraph are denied.

E. VIOLATIONS

29. As a result of the conduct described above, Morrison willfully aided and abetted and caused Goldman Sachs' violations of MSRB Rule G-8(a)(xvi), which requires brokers, dealers and municipal securities dealers to make and keep current records reflecting all direct and indirect contributions to officials of issuers made by the broker, dealer, municipal securities dealer and each municipal finance professional.

RESPONSE: Denied, as the Respondent made no direct or indirect contributions to the Cahill campaign and understood that his intermittent, voluntary services were lawful and constitutionally protected.

30. As a result of the conduct described above, Morrison willfully aided and abetted and caused Goldman Sachs' violations of MSRB Rule G-9, which requires brokers, dealers and municipal securities dealers to preserve records reflecting all direct and indirect contributions to officials of issuers made by the broker, dealer, municipal securities dealer and each municipal finance professional for six years.

RESPONSE: Denied, as the Respondent made no direct or indirect contributions to the Cahill campaign and understood that his intermittent, voluntary services were lawful and constitutionally protected.

31. As a result of the conduct described above, Morrison willfully violated MSRB Rule G-17, which states that in the conduct of its municipal securities business, every broker, dealer and municipal securities dealer shall deal fairly with all persons and shall not engage in any deceptive, dishonest, or unfair practice.

RESPONSE: Denied.

32. As a result of the conduct described above, Morrison willfully aided and abetted and caused Goldman Sachs' violations of MSRB Rule G-37(b), which prohibits brokers, dealers or municipal securities dealers from engaging in municipal securities business with an issuer within two years after any contribution to an official of such issuer made by (i) the broker, dealer or municipal securities dealer; (ii) any municipal finance professional associated with such broker, dealer or municipal securities dealer; or (iii) any political action committee controlled by the broker, dealer or municipal securities dealer or by any municipal finance professional, unless the contribution is exempt.

RESPONSE: Denied, as the Respondent made no contribution to the Cahill campaign and understood that his intermittent, voluntary services were constitutionally protected.

33. As a result of the conduct described above, Morrison willfully violated MSRB Rule G-37(c), which prohibits, among other things, brokers, dealers, municipal securities dealers or any municipal finance professional of the broker, dealer or municipal securities dealer from soliciting any person to make any contributions or coordinating any contributions to an official of an issuer with which the broker, dealer or municipal securities dealer is engaging or is seeking to engage in municipal securities business.

RESPONSE: Denied, as the Respondent neither solicited contributions nor coordinated contributions to the Cahill campaign and understood that his intermittent, voluntary services were constitutionally protected.

34. As a result of the conduct described above, Morrison willfully violated MSRB Rule G-37(d), which prohibits, brokers, dealers or municipal securities dealers or any municipal finance professional from, directly or indirectly, through or by any other person or means, doing any act which would result in a violation of sections (b) or (c) of Rule G-37.

RESPONSE: Denied.

35. As a result of the conduct described above, Morrison willfully aided and abetted and caused Goldman Sachs' violations of MSRB Rule G-37(e), which requires brokers, dealers, or municipal securities dealers to file quarterly reports with the MSRB disclosing all direct and indirect contributions, exceeding the *de minimus* amount, to any official of a municipal securities issuer made by, among others, the broker, dealer, municipal securities dealer and each municipal finance professional associated with such broker, dealer, or municipal securities dealer.

RESPONSE: Denied, as the Respondent neither solicited contributions nor coordinated contributions to the Cahill campaign and understood that his intermittent, voluntary services were constitutionally protected.

36. As a result of the conduct described above, Morrison willfully aided and abetted and caused Goldman Sachs' violations of Section 15B(c)(1) of the Exchange Act, which prohibits a broker, dealer or municipal securities dealer from using the mails or any means or instrumentality of interstate commerce to effect any transaction in, or to induce or attempt to induce the purchase or sale of, any municipal security in contravention of any rule of the MSRB.

RESPONSE: Denied.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative and cease-and-desist proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations;

B. Whether, pursuant to Section 21C of the Exchange Act, Respondent should be ordered to cease and desist from committing or causing violations of and any future violations of Section 15B(c)(1) of the Exchange Act, MSRB Rule G-8, MSRB Rule G-9, MSRB Rule G-17, MSRB Rule G-37(b), MSRB Rule G-37(c), MSRB Rule G-37(d), and MSRB Rule G-37(e), whether Respondent should be ordered to pay civil penalties pursuant to Section 21B(a) of the Exchange Act, and whether Respondent should be ordered to pay disgorgement pursuant to Sections 21B(e) and 21C(e) of the Exchange Act;

C. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act including, but not limited to, disgorgement, prejudgment interest and civil penalties pursuant to Section 21B of the Exchange Act;

D. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15B(c) of the Exchange Act; and

E. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 9(b) of the Investment Company Act.

RESPONSE: Section III requires no answer.

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened not earlier than 30 days and not later than 60 days from service of this Order at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.


This Order shall be served forthwith upon Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

RESPONSE: Section IV requires no answer beyond the filing of this Answer.

Respectfully submitted,



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Dated: 12/12/12

[REDACTED]